

9 | Management Organizational Options

This section examines a number of effective parking management operational methodologies as well as Parking Management Organizational options that are models for the possible reorganization of Durham's parking program. For each organizational model explored in this section, examples are provided from communities that have successfully implemented those program organizational structures. Also identified is the significant contributions these programs provide to support their larger community strategic goals.

Parking Management Program Organization Evolution

Over the past several years Kimley-Horn and Associates, Inc. has conducted extensive research into how parking systems evolve organizationally. This area of interest emerged in conjunction with our research and documentation of parking management "best practices" from around the country.

Municipal Parking System Evolution

Many parking systems, especially in municipal environments, have evolved over time into organizational structures that we have termed "horizontally fragmented." This means that various parking system components are spread among multiple departments or entities. It is important to realize that when these systems were being created, parking management as a profession had not fully developed.

The following example describes how many municipal parking programs evolved and also reflects the "functional fragmentation" that this approach can produce.

- There was a need to establish a parking function. The initial need was to manage on-street parking assets. Because Public Works already managed the streets, this function was located under the Public Works department.
- When the need for an enforcement function achieved critical mass, this was logically assigned to the Police Department as enforcement was their specialty.
- Over time, off-street lots and parking structures were added. The management of these resources was placed under the Facilities Management Division, because they managed the City's real estate assets and facilities.
- Soon there was enough revenue being generated that an audit/accounting function was established to ensure accountability over the revenues and expenses. This function was placed under the Finance Division.

Fast forward to today. There is growing interest in Downtown Durham as a place to work, live, and play. The community is making impressive advances in Downtown development and revitalization and as a result, parking is emerging as a significant element. To successfully combat the challenges that parking will continue to pose on Downtown, the City should assess parking system organizational structures for implementation that best fit the goals of the city.

In a horizontally structured parking program, each department manages only one aspect of the parking system (such as on-street parking, enforcement, or parking structures). No one has responsibility or the perspective and understanding of all the functional areas to manage the interrelated components as a system. In many cases, parking can be described as everyone's part-time job, but no one's full-time job thus there is no overall accountability for parking as a system.

It is interesting to note the variety of ways in which the “horizontal fragmentation of parking systems” has evolved in different cities. Some have evolved along the lines of assigning different functions to various departments as noted in the example above. Some have peculiar combinations of functional and geographic divisions. Another category related to parking system organization and management has to do with whether the municipality has chosen to invest in the development of a significant off-street parking program (the construction/management of parking structures/lots). Finally, the community’s approach to self-management of resources versus their desire for out-sourcing certain functions also plays a role.

Parking Management Organizational Best Practices

The current best practices data is fairly agnostic to the exact organizational framework, but the fundamental characteristic of all the most successful strategies is the principle of “vertical integration” of parking functions, which is what is currently mimicked in the City of Durham’s organizational structure. The minimum degree of integration is management by one entity of the on- and off-street parking and parking enforcement functions. More advanced models include parking/transportation planning, transportation demand management programs, and even transit system management in smaller communities.

Another dimension that we will discuss related to the organization and management of a vertically integrated parking program is issue of self-management versus outsourcing/contract management. Within the contract management context we will review two primary approaches – management agreements and concession agreements.

We would be remiss if we did not at least mention another emerging trend in this area – parking system privatization or “monetization.” While there is not a lot of history in this area relative to parking systems, recent examples in Chicago, Pittsburgh, Atlanta and Indianapolis are worth noting. Parking system monetization refers to the offering a long-term lease of specific parking assets (essentially a long-term concession agreement) in exchange for a large upfront payment.

There also is a cadre of major U.S. cities that have not made a significant investment in the development of a public off-street parking system (e.g. Charlotte, NC). This is neither good nor bad, but it does have an impact on the organizational options to be considered in terms of how these cities can most effectively organize a parking program designed to achieve the community’s specific program goals and objectives.

In addressing this particular condition in other communities, we developed a new program approach that we call “the parking management collaborative.” The goal of this approach is to essentially create a “management overlay” onto a collection of public and private parking assets, such that from a visitor’s perspective, the parking system looks and feels like a public parking system despite the actual distributed ownership behind the scenes.

This option, along with the more traditional parking system organizational options (parking authorities, parking districts, a vertically integrated city department, BID or contract management options, etc.) are discussed later in this section following a discussion of defining program goals.

Program Goals

As part of this study, a preliminary set of program goals were developed. These will serve as the program foundation and help in setting priorities and establishing community partnerships for the Downtown Parking Plan. A statement better defining each of the twelve example guiding principles is provided.

Program Goal #1

Organization / Leadership

The management of the parking program will be organized to be “vertically integrated” with responsibility for:

- Managing on-street parking
- Coordination of off-street parking
- Parking enforcement
- Parking planning and development
- Parking demand management

Consolidating various parking functions under a single Parking Management Organization establishes a consolidated system that is action-oriented, responsive, and accountable with improved coordination and operating efficiencies. The current city organizational structure mimics this “vertically integrated” concept.

Program Goal #2

Customer Service Orientation

Parking will support downtown Durham as a desirable destination for workers, businesses, shopping, dining, entertainment, and recreation by making parking a positive element of the overall community experience.

The Downtown Parking Plan will strive to develop and coordinate private and publically owned parking facilities that are clean, convenient and safe.

Parking enforcement staff will present a friendly and professional appearance and receive on-going customer service and community ambassador training.

Responsiveness to community needs, openness to fresh ideas, and active participation in community planning and events will be among the ongoing goals of the Parking Management Organization.

One major goal of the parking organization is to create a “management overlay” that will create an easy to understand and easy to access parking program for visitors. This will be accomplished through the use of common branding and marketing, an integrated signage plan, validation programs, a web-based information clearing house, special events program coordination, etc.

Management of the on-street parking system will be enhanced through an investment in new technology and more customer friendly parking enforcement policies.

Program Goal #3

Community and Economic Development

The parking system will be guided by community and economic development goals and City Council adopted policy directives that are the result of collaborative processes between Parking Management Organization staff, other agencies, and involved stakeholders.

The Parking Management Organization will use its resources to promote mixed-use and shared-use parking strategies as well as promoting alternative transportation modes through the creation of incentives, partnerships and programs to attract private investment. This will include reviewing and updating existing city parking requirements as appropriate.

Program Goal #4

Integrated Transportation / Sustainability

The Parking Management Organization will promote the “park once” concept and a balance of travel modes, including rail, bus, vehicular, bicycle, and pedestrian to meet community-wide access goals.

The Downtown Parking Plan will promote a “park once” strategy that uses parking supply efficiently and emphasizes “linkages” to other forms of transportation.

“Green” strategies that can result in more efficient use of parking facilities and provide other benefits, including reduced congestion, improved transportation choices, more efficient land use, and improved streetscape aesthetics will be explored and supported.

Program Goal #5

Leveraging Technology

The Parking Management Organization will be an early adopter of technology solutions to enhance customer service and parking information options.

A key goal is to make parking less of an impediment to visiting downtown Durham and more of an amenity.

Technology will be leveraged to streamline and simplify access to parking and will be a key parking management strategy. Another key technology related goal is to enhance the efficiency and effectiveness of parking management staff and programs.

A prime example of the use of technology to leverage improvements in customer service, enforcement, and system efficiency is the implementation of a fee for on-street parking that accepts credit cards as a payment option. This implementation can provide more convenient payment options for patrons, real-time data for streamlined enforcement, and better use of the curb space.

Program Goal #6

Communications / Branding / Community Education

Parking management programs and facilities will be developed to function as a positive, marketable asset for downtown Durham.

Parking management strategies and programs will be cross-marketed to promote Downtown Durham as a unique and visitor-friendly regional destination. Parking availability shall be well publicized to enhance the perception of parking as a positive element of the community experience. Reinvestment of parking resources back into the downtown will be promoted. The Parking Management Organization will develop an effective marketing and branding program.

In addition to web-based information, the Parking Management Organization will develop educational materials on topics such as: parking development trends, parking safety tips, etc. The organization also will promote discussion with parking facility owners/operators on topics such as facility condition assessments, maintenance program development, parking management best practices, etc.

Downtown Durham parking programs and information shall be well promoted and marketed. The Parking Management Organization will work closely with Downtown Durham, Inc., Office of Economic and Workforce Development, and other community agencies/stakeholders to promote, educate, and market parking programs in downtown Durham.

Program Goal #7

Program Development / Responsiveness

Responsiveness to the Needs of a Diverse Customer/Citizen Base.

The Parking Management Organization should aim high and strive to achieve a “best-in-class” parking program. All aspects of Downtown Durham parking should reflect an understanding of what the customer desires in terms of a positive and memorable experience.

Special programs to address retail enhancement initiatives, shared-use parking, residential parking, employee parking, special/large events parking, etc. will be developed in a collaborative manner and designed to support larger community goals and objectives.

Program Goal #8

Information Clearinghouse / Coordinated Programs

Parking Information Clearinghouse and Coordination of On-Street, Off-Street, and Special Event Programs.

The Parking Management Organization shall take a lead role in parking program coordination. From a planning and information clearinghouse perspective, the organization will be a unifying and centralized resource that will coordinate and distribute information related to parking supply, availability, planning, and special programs, event activities and other resources. This will be done through physical signage, branding and marketing, a robust planning function and a strong web-based information program.

Program Goal #9

Planning / Urban Design

The Parking Management Organization shall have an active and comprehensive planning function, including strategic and transportation planning efforts.

The organization will work with City staff to review and evaluate parking zoning requirements, the development of parking design standards that promote good urban design principles related to parking structures and mixed-use projects, and the creation of transit oriented development parking standards.

Effective parking planning will mean improved understanding of parking supply/demand and development of parking infrastructure that will enhance and better support the community strategic goals and urban design.

Program Goal #10

Safe, Attractive, and Well-Maintained Facilities

Emphasis will be placed on enhancing parking facility appearance, maintenance, safety and security, regardless of facility ownership. The parking organization will promote standards to encourage comprehensive and proactive facility maintenance and security plans.

Facility maintenance reserves and other maintenance best practices will be encouraged in City owned facilities. Publicly available parking facilities marketed through the Parking Management Organization will agree to a set of parking facility standards that is developed through a joint coordination effort between the City and stakeholders. Participating facilities will be routinely monitored.

Some parking facilities incorporate public art and creative level identification/theming to enhance the parking experience for patrons and make large parking facilities more navigable. Continued development of these initiatives will be supported.

Program Goal #11

Effective Management / Accountability

The Parking Management Organization will be a forward thinking “best in class” parking program.

The Parking Management Organization will anticipate future patron needs in the context of the Downtown Durham Master Plan and other planning initiatives and seek to integrate supportive parking and multi-modal access strategies as appropriate.

Evaluation of other parking management best practices and new technologies will occur on an on-going basis.

Effective facility maintenance, infrastructure reinvestment and other system management fundamentals will be routinely addressed.

Program Goal #12

Self-Funding / Accountability

The parking system will be financially self-supporting and accountable to stakeholders.

The Parking Management Organization will work toward developing a parking system that is self-supporting and sets aside funds for maintenance reserves and future capital asset funding.

By aligning approved parking revenue streams from on-street, off-street, enforcement, and potentially special assessment fees and fee-in-lieu programs, it is possible to develop a parking system that self-funds all operating and maintenance expenses, facility maintenance reserves, planning studies and future capital program allocations.

A consolidated parking revenue and expense statement should be developed to document all parking related income streams and expenditures to give a true accounting of parking finances.

Program Goals Summary

If adopted, these Program Goals will serve as a foundation for near- and long-term decision making and implementation of parking management strategies for the Downtown Durham Parking Management Organization.

These strategies are intended to support the on-going economic development and vitality of downtown Durham. This is a process not a one-time task.

Teamwork and collaboration between the Parking Management Organization, City officials, Downtown management, transportation agencies and other stakeholders will be a key for success moving forward.

The Parking Management Organization will support the larger Durham area transportation plan, other area or regional plans as well as the business district strategic plan.

Parking System Operating Methodologies

Once a management structure has been determined, operating methodologies are another organizational/management consideration. There are three primary methodologies for operating parking programs.

1. Self-Operation – The managing entity or owner operates the parking program itself. For example, a downtown parking authority or City department can hire the necessary staff to operate the parking system internally.
2. Outsourced: Management Contract – The facility owner or managing organization contracts a private parking management firm to handle day-to-day operations and maintenance through a management contract. Through the management contract, the private parking management firm is either paid a fixed management fee and/or a percentage of gross revenues and is reimbursed by the owner for all costs incurred in the operation.
3. Outsourced: Concession Agreement – The facility owner or managing organization contracts a parking management firm to assume full responsibility for all aspects of the operation, including expenses, and the parking management firm pays the owner a guaranteed amount and/or a percentage of gross revenues (or a combination).

A variation on the concession agreement methodology that is being introduced in the U.S. parking market is that of parking system “monetization.” A more detailed description of each option is provided in the following subsections.

Self-Operation

Self-operation of the parking system requires that the owning entity provides all the necessary employees (e.g., full- or part-time staff and/or temporary employees), equipment, supplies, etc. With this method of operation, the owning entity receives all gross parking revenues and pays for all operating expenses. Self-operation requires internal administrative and managerial staff at a higher level than the management contract or concession style agreements.

Self-operation allows the owning entity to have complete control over the parking facilities and the level of service provided to its patrons. This requires a well-trained and experienced staff to effectively manage a large parking operation with significant daily revenues. Parking has become a highly specialized field and also requires good general and facility management skills. Without proper training and professional development, self-operation can result in a lower than desired level of service and revenue controls.

Potential advantages of self-operation include:

- Complete control over day-to-day parking operations, including customer service.
- Internal parking knowledge to assist with future planning.
- Uniform look and feel with other city services.
- Better control over staff and staff training.
- Eliminates paying a management fee to a vendor.

Example “Self-Operated” Programs

- City of Missoula, MT
- City of Boulder, CO
- City of Fort Collins, CO

Disadvantages to this approach would include:

- Typically higher expenses than contracting with a private parking provider due to the following:
 - Higher pay rates than private operators especially in a unionized environment
 - More restrictive benefit requirements
 - Higher staff training and development costs

- Private operators have a greater economy of scale relative to supplies
- Higher insurance costs/requirements since the City holds 100% of risk and liability
- More operational duties for the city.
- Smaller staff pool to draw from for covering sick days and vacations. Internal staff is limited, whereas contracted operators can draw from a larger pool of qualified staff.
- The city will need to find and hire experienced parking staff.
- Requires budgeting for on-going training of new staff to maintain customer service levels.
- The city will have higher administrative and back office costs than an experienced private operator.
- The city will deal directly with customer complaints.
- The city will assume maximum financial risks related with the parking system.
- Can be difficult to terminate the employment of staff when needed.

Management Agreement Operations

In this form of operation the owning entity retains complete control over staffing levels, validation policies, parking rates, and customer service policies. With a management agreement, the parking operator provides the necessary labor and services for the operation of the parking facilities in accordance with an agreed upon policies and annual operating expense budgets established by the owner. The parking operator then receives a monthly payment, either a lump sum amount or a percentage of the gross or net revenue. This monthly payment represents the fee to manage the facilities.

The parking operator will provide the owning entity with a detailed monthly report package, including operating statistics, revenue summaries, expenses summaries, budget variance reports, etc. The management agreement requires additional personnel time for the owning entity's staff since it is necessary to audit the gross parking revenues as well as the monthly operating expenses. The preferred arrangement is that all reporting guidelines and accounting practices are determined up-front so that each party understands their responsibilities.

Example "Management Agreement Operated" Programs

- City of Raleigh, NC
- City of Lincoln, NE
- City of Cedar Rapids, IA

The owning entity's stakeholders and staff will have significant input into establishing the "level of service" for the parking system by deciding on the type of parking access and revenue control systems to be employed, the quantity of cashiers/customer service ambassadors, acceptable traffic queuing upon exit, lost ticket/insufficient funds policies, parking related services offered (lost vehicle assistance, dead battery assistance, vehicle lock-out assistance), etc.

The following outlines the potential advantages of outsourced day-to-day operations via management agreement (in conjunction with a small in-house contract management function):

- Reasonable control over day-to-day parking operations.
- An internal parking manager can be hired by the city with sufficient parking knowledge to assist with future planning.
- A well-structured management agreement will provide the following:

- Reasonable control over staff and staff training
- High customer service expectations
- A high level of staff appearance
- Strong auditing capabilities
- Operator accountability
- Parking services from an experienced service provider.
- Typically, operations are less expensive due to:
 - Lower staffing costs
 - Lower training costs
 - Lower administrative costs
 - Lower insurance costs since some risk and liability is shed to the parking operator
- The use of a private parking operator will provide on-going valuable parking experience to the City.
- Potentially, a large pool of qualified private operator staff to draw from for sick day and employee vacations.
- The contracted parking operator will deal with most customer complaints.
- Relatively predictable parking system expenses.

Disadvantages to this approach include:

- The city will have to compensate a private operator with a management fee or a percentage of gross revenues.
- Somewhat less control over day-to-day operations.
- Somewhat less control over staffing and training issues.
- The city will need to find and hire an experienced parking manager.
- The city will continue to have some administrative and back office staffing costs.
- The city will assume most of the financial risks related with the parking system.

Concession Agreement Operations

With a concession agreement, the concessionaire will provide all necessary labor and services for the complete operation of parking facilities in return for a percentage of the gross parking revenues. The actual percentage varies from operation to operation based on the size, complexity, revenue potential, and perceived risk to the operator. There may be a guaranteed minimum annual payment to the owning entity. Sometimes a revenue split is negotiated for revenues above a certain level.

Example "Concession Agreement Operated" Programs

- Children's Medical Center, Dallas, TX
- Several Airports

In general, concession agreements work best in situations where the owning entity wishes to divest itself from the day-to-day parking operational concerns in order to better focus on its core business. These types of

arrangements are more common in airports. With this type of agreement, a minimal amount of time is required by the owning entity's staff in the day-to-day operations of the parking program. The owning entity also relinquishes some level of control as it relates to defining day-to-day operations since the concessionaire is responsible for all expenses and most liabilities. Typically, the owning entity receives a deposit from monthly parking revenues within two weeks after the end of the each calendar month. Periodic conversations with the parking operator are necessary to discuss operational issues that affect the quality of service to the owning entity's patrons.

The concession agreement is the simplest type of agreement for administrative purposes, in that only the gross parking revenues need be audited. All operational expenses are the responsibility of the concessionaire, thereby resulting in minimal control of this function by owning entity staff. Also, as with the management agreement, the parking operator serves as a buffer to the owning entity's management with respect to parking complaints and potential wrongdoing by those employed within the parking system.

While there are benefits to this approach, the risks tend to outweigh those benefits for the City in particular. It is recommended in this report that the City builds a parking brand that is recognized as a well-managed, well-maintained organization. Entering into a concession agreement with an operator and taking a more hands-off approach poses risks to the desired outcome of developing a positive parking brand identity within Durham.

Potential advantages of concession style leasing of parking facilities include the following:

- No real parking operations or management required by the city.
- No substantial daily auditing required by the city.
- Facilities will be leased to an experienced parking services provider.
- Requires no internal parking experience on the part of the city.
- Relatively predictable revenue stream.
- Less operations related financial risk.
- Parking operator takes all significant parking customer complaints.

Disadvantages to this approach would include:

- Little to no control over day-to-day parking operations.
- No control over staffing and training issues.
- Less customer service accountability.
- Difficult to measure parking system expenses, if the parking operator is required to share them at all.
- If not specifically addressed in the contract agreement, the parking operator may be encouraged to reduce facility expenses to a minimum level to increase profit that can negatively impact customer service.

Effective Parking System Organizational Options

Parking System Organization and Management

As the parking profession has evolved, several very effective parking system organizational models have emerged. Each of these models has its own strengths and weakness depending on several factors including the

parking system's size, degree of development, programs offered, political landscape, community goals, etc. The seven most successful and commonly used organizational models are:

- A Consolidated (“vertically integrated”) City Department model
- The Parking Authority model
- The “Contract” or Business District model
- The Parking District or Commission model
- The Professional Services model
- The Parking Management Collaborative Approach
- The “Eco District” model

Of course, there are several variations and hybrids of these models, but these are the seven primary alternatives commonly seen across the country. Each of these models will be examined in more depth in the following sections, but they all have one common factor that contributes to their success – they all address the major problem associated with the “horizontally fragmented” system structures previously described.

When evaluating which organizational option will work best in a specific community, it is important to ask community stakeholders to create a prioritized set of evaluation criteria. A typical list of criteria that we employ includes determining which organizational option:

- Best supports economic development
- Best reflects the functional characteristics of the community
- Is most efficient/cost effective
- Is most customer-friendly
- Is most politically feasible
- Is most focused on the vision
- Is easiest to achieve
- Is most responsive to businesses and stakeholders
- Is most financially viable
- Provides the most effective coordination

The following is a brief description of parking system organizational models that have shown demonstrated success in recent years. Each description is illustrated by an example of a specific program based on that model.

Consolidated (“Vertically Integrated”) City Department Model

A Consolidated and “Vertically Integrated” City Department Model is essentially structured like a typical department lead by a department director head and consisting of a varying assortment of support staff. The defining characteristic of this model is that the department director has complete authority and responsibility for the management of all parking related program elements. The primary elements of these being:

- Off-street parking facilities and maintenance
- On-street parking resources

- Residential permit parking programs
- Overall program financial performance
- Parking system planning (e.g., zoning, financial planning, and new construction)
- Parking enforcement

There are numerous other related areas that can be included:

- Transportation demand management (Trip Reduction Programs, Preferential Parking for Car/Van Pools, transit programs, etc.)
- Parking system branding, marketing, and community outreach
- Implementation of new technologies
- Interface with downtown development and economic development

Another important trend related to this model is that even if parking is kept within the City government structure, it is being housed in new locations. In the past, parking was often located under Public Works, Transportation, or similar departments. In the past decade the trend has been to locate parking management under Community or Economic Development, Urban Renewal, or similar departments. This is due to the growing appreciation of the importance of parking as a tool for economic development.



The City of Fort Collins, CO has a consolidated parking management program that incorporates off-street parking (parking structures and surface lots), on-street parking (time limited on-street spaces), and parking enforcement. All parking functions are self-managed using city staff positions. The city's Parking Manager also has developed a program to promote effective coordination and collaboration with the owners of private parking to better support evening restaurant parking demands and for special events.



Another feature arising from this integrated approach is that the city has recently embarked on a parking technology assessment. A key feature of this assessment was to identify technology options that could link on-street/enforcement systems (Auto-Vu License Plate Recognition enforcement technology/T-2 systems software) with the next generation of off-street parking equipment and potentially new on-street multi-space meters. This type of creative and integrated thinking is more common in systems with a vertically integrated organizational structure, as the responsibility for all areas affected are of the single City department, rather than having multiple departments with differing levels of interest.

We have identified an emerging trend in municipalities that are reorganizing their approach to parking, but maintaining parking as a city department function. Many of these cities are adopting the vertical integration principals and organizationally consolidating all parking function in the economic development division as opposed to the more traditional transportation or public works divisions.

In 2011 the City of Fort Collins embarked on an update to their Strategic Parking Plan. One of the outcomes of this revised parking plan was to consider modifying their program organizational model from a unified city department model to a "Parking District or Commission" model. One reason for this is the possibility of reestablishing on-street paid parking after a 20-year absence. The greater business community engagement in regards to creating and implementing parking policy through the Parking Commission Board of Directors is a key consideration.

Through the Strategic Plan study process many business leaders, downtown management and City Councilors have seen both the benefits of this significant policy shift and how a new organizational framework can be useful in moving the program forward. However, these major structural changes are always somewhat controversial and need to be carefully managed. Whether to move forward with this reorganization is still unfolding in Fort Collins.

The Parking Authority Model

Parking authorities typically operate with a small staff and engage a private parking management firm to handle day-to-day operations. One advantage of the Parking Authority model, especially in a municipal setting, is that it puts all the major parties at the same table via a parking authority board or commission. This helps key stakeholders gain a deeper appreciation for the complexities of parking and the often competing/conflicting agendas between various constituent groups.

The defining characteristics of a Parking Authority Model include:

- It has a defined mission and vision
- It is governed by a detailed management agreement and is self-funded
- Often has bonding capability
- Most often has responsibility for all aspects of parking operations (off-street, on-street, and enforcement, including rate adjustments)
- Most often has responsibility for off-street parking facility ownership, planning, construction, and maintenance
- It is typically headed by a President or Executive Director
 - Because of this they tend to attract the highest caliber parking management personnel
- The President or Executive Director reports to a board (typically 7 – 15 members)
 - The board is comprised of influential and invested downtown stakeholders
 - Board composition typically includes:
 - High level city staff
 - Mayor or City Manager (or appointee)
 - Director of Finance
 - Director of Public Works
 - Property owners/developers
 - Downtown association members



- Chamber of Commerce representative
- Large downtown employers

Although the authority may not control all of the parking in a downtown area, that does not mean they cannot affect the entire downtown. Both Toledo, OH (the Downtown Toledo Parking Authority or DTPA) and Winnipeg, Manitoba (the Winnipeg Parking Authority) dramatically transformed their operations that all the other private parking operations had little choice but to follow suit. Now virtually all downtown parking facilities have attendants in new uniforms, customer service training for front-line staff, parking structure interiors are painted white, new customer friendly parking technologies and programs are being installed/instituted – all following the local parking authority's lead. We call this the "high tide raises all boats" phenomenon.

The "Contract" or Business District Model

In a surprising number of communities across the United States, downtown business improvement districts or downtown development authorities are taking operational responsibility for parking. Similar to the Parking Authority Model, the Contract or Business District Model is governed by a well-defined operating agreement that sets specific expectations and limits on the use of parking assets, including parking policy, parking rate adjustments, etc. These contracts or operating agreements typically must be reauthorized every 3 – 5 years based on whether the defined contract goals were met. If reauthorized, it is common for new goals and program objectives to be set for the next contract period.

This is the fastest growing and most successful of all the parking organizational models in the past 10 years. One key reason for this is that these agencies are typically better in touch with the strategic goals of the communities and often have skill sets that many parking programs lack (community engagement, strategic planning, etc.)

In Boise, ID the off-street parking program is professionally managed by the Capital City Development Corporation, the city's urban renewal agency. Through the aggressive use of tax increment financing combined with a strategy of leading other desired development with parking infrastructure investment, Downtown Boise has become a national model of downtown community development and resurgence.



Another example of this model can be found in Tempe, AZ. The City of Tempe does not own any significant parking facilities, and only a few small surface parking lots. The need for a coordinated parking system solution to provide a more user friendly experience for visitors drove the downtown organization, the Downtown Tempe Community, Inc. (DTC), to create what amounts to a "parking management overlay program." Working with the owners of the off-street parking assets, they created a parking system management plan. Through creative signage, a common parking validation program, and extensive marketing, the DTC branded the parking system to such an extent that it appears that Tempe has a well-managed and comprehensive parking program, although they do not own any of the individual assets. DTC acts, in essence, as a private parking management firm operating a collection of city assets and private off-street facilities as a combined system. They manage all parking staff and programs themselves, and return all profits to the facility owners keeping a modest management fee. The DTC also



manages the city's on-street parking resources and reinvests on-street parking revenues back into the downtown district.

The Parking District or Commission Model

The Parking District Model is slightly different than the previously defined model, but as mentioned earlier, the common element of all of these successful models is the goal of creating a "comprehensive parking management function" under the control of one managing entity (vertical integration).

The characteristics of a parking district or commission include:

- They typically have a defined area with set boundaries.
- They may have a special property assessment that applies to all properties within the district.
 - This revenue generally goes toward defined district improvements, but can be restricted to parking or transportation related projects.
- They may have a "Parking In-Lieu of Property Tax" (PILOT) program. In lieu of having a parking requirement for new development, developers instead pay a fee-in-lieu of parking development. This fee is generally calculated on a per stall basis and goes to the parking district for strategic investment in district parking needs (new parking additions, technology upgrades, transportation alternatives, etc.).
- They are generally run by an Executive Director or President (although some are run by City department heads).
- All revenues are collected and managed by the district for reinvestment in the parking program and the district.
 - In some cases, if revenues exceed operational or capital program needs, a percentage of the additional funds are returned to the City's General Fund.
 - In other cases, the City assesses the district a fee based on a percentage of net revenues in-lieu of not assessing property taxes on the parking facilities. This money goes to the City's General Fund.
- Revenue sources typically include:
 - Special assessment revenue (if applicable)
 - Off-street parking revenue
 - May include miscellaneous revenue sources such as: advertising (in parking structures), vending machines or retail space rental (mixed-use parking facilities)
 - May also include special event parking revenue
 - On-street parking revenue
 - Parking enforcement revenue

Parking Districts have made significant contributions to the communities they serve. For example, in Boulder, CO, the Downtown and University Hill Management District/Parking Services can boast the following list of accomplishments all paid for with parking district revenues:

- Funding of the Eco-Pass Program – Over \$800,000 per year

- This program gives all downtown employees a free bus pass and contributes to a 62% mode split among downtown employees (reducing parking demand).
- Repayment of a \$3.4 million Pearl Street Mall Improvement Bond - \$500,000/year
 - This is a good example of the parking program contributing to community economic development.
- Payment of Parking Structure Debt Service Obligations



- Parking district revenues fund the development costs of downtown public parking structures as well as all parking operating and maintenance costs.
- One of the more impressive parts of this program has been the leadership in defining appropriate design guidelines for parking structures.
 - Only mixed-use structures are permitted.
 - They must incorporate street level retail and be architecturally consistent with the downtown fabric. Some have been multi-modal in nature, integrating transit functions with parking.

The Professional Services Model

A more recently developed organizational model is the “Professional Services” model. In this model, a smaller more professional level parking services group is developed in conjunction with the outsourcing of day-to-day operations. While there are many potential variations under this category, the most successful variation involves a core team that is primarily administrative in nature.

The management group is responsible for program elements such as creating the vision and mission of the program, community outreach and program development (including assessment of new technologies, etc.), parking system planning, interface with economic development programs, interface with transportation system functions (including alternative transportation programs), contract administration, parking facility long-term maintenance program development, system financial administration/audit functions, and special projects management.

Day-to-day parking operations are outsourced to a qualified parking management firm. Their responsibilities would typically include off-street parking facility operations (cashiering services, pay-on-foot operations, etc.), daily facilities maintenance, security, etc. Some communities have extended these contract services to include the operation of on-street parking and parking enforcement programs including citation collections and management. For on-street and enforcement operations meter maintenance and collections, citation issuance, collections, and adjudication can all be outsourced as well.

Another feature often used in conjunction with the Professional Services Model is the development of “on-call services agreements” for various types of consulting and professional services such as engineering facility condition appraisals, technology assessments, strategic planning, revenue control system assessments and audits, etc.

The primary advantages of this model are that parking is managed by a lean group of professional level management staff focused on key areas such as:

- Program Administration and Finance
- Audit/Revenue Control
- Contract Administration
- Special Projects
- Marketing/Branding/Communications
- Economic Development/Customer Satisfaction/Business Community Interface



Day-to-day operations are outsourced. This can have the effect of keeping a better focus on the strategic goals of the parking program without getting mired in the many operational issues that make up day-to-day management.

Communities beginning to implement this approach include the City of Beverly Hills, CA and the City of Lincoln, NE.

The Parking Management Collaborative Approach

This approach was developed specifically to address the set of conditions that exist in communities that have chosen not to develop a significant off-street public parking system, such as the City of Charlotte, North Carolina, and therefore do not have much ability to influence the off-street parking market in traditional ways. This model also could apply to those communities that choose to divest themselves of the facilities that they have previously developed.

The Parking Management Collaborative approach is comprised of the following basic tenets:

- There is a demonstrated need to improve the ease of use and access to parking in the downtown, especially for occasional visitors.
- There is recognition that a comprehensive approach that will coordinate and integrate both on-street parking and off-street parking assets is needed to make the downtown more visitor-friendly.
- On-street parking assets will be better managed as a short-term parking resource with the primary management goal being to promote a high degree of turnover for the benefit of merchants and businesses that depend on an effectively managed supply of convenient short-term parking resources. A goal of maintaining an average on-street occupancy level of approximately 85% is a key program goal/benchmark.
- Because the majority of off-street parking in the downtown is privately owned and operated, a collaborative approach to developing a downtown parking management strategy is needed. The primary objective of this approach is to develop what is essentially a "parking management program overlay" to create a well-coordinated and marketed user-friendly parking system that will appear to the casual user as a public parking program.
 - The key functional elements of this parking management overlay include:
 - Program branding and marketing
 - A comprehensive updated downtown parking and wayfinding program

- A central parking and transportation information clearinghouse function
 - A special event coordination function
 - A significant parking and transportation planning function
 - Coordination with community and economic development activities
 - Management of City owned parking assets
 - Coordination with downtown management in support of downtown business needs
- The Parking Management Collaborative will strive to promote superior, customer oriented parking programs and parking facility standards.
 - Parking planning and coordination will be important functions related to understanding and responding to both the current and future parking needs of downtown users.
 - The diverse needs of various user groups will be considered, including visitors, employees, employers, property owners, and parking management firms, through active planning, coordination and communications.
 - The Parking Management Collaborative will be considered an integral component of the community's economic development strategies and programs.

This approach needs only a small, but highly effective staff to be successful. The recruitment of an executive caliber program director with strong vision and excellent communication skills is essential for this strategy to succeed. The other key ingredient is to get buy-in from major parking property owners. This is typically accomplished by recruiting them to be on the program's Board of Directors. In some cases where all the right individuals are already on the board of an existing downtown organization (especially if creating "yet another board" would be seen as an issue) this function could become an initiative of that organization.



One of the key values of having the major parking property owners engaged at this level is that this will lead them to directing the parking management firms they hire to "get on-board" with this program. Engaging the parking management firms on another level also can be very valuable because of their detailed knowledge of conditions "on the street" and their knowledge of parking management principles in general.

The first major city to employ this model is Charlotte, NC, where the collaborative was located, organizationally, in the business improvement district known as the Charlotte City Center Partners

The "Eco District" Model

This is the newest model that is beginning to be adapted to have a parking/transportation program focus. Eco District initiatives generally are comprehensive strategies to accelerate sustainable community or neighborhood development. The value proposition includes defining performance areas and outlining an implementation strategy as it relates to integrating sustainability goals as a defining element in the parking and transportation program organizational framework.

Eco Districts commit to achieving ambitious sustainability performance goals, guiding district investments and community action, and tracking the results over time.

A parking and transportation Eco District approach would recognize technologies and strategies for enhancing district sustainability, such as energy and water management systems within parking developments, support for green streets, the promotion of resource conservation, etc. They also may prioritize LEED® certification for applicable projects or Green Parking Council certification for the program overall.

In this case, since parking can be a significant revenue source, we envision parking revenues being dedicated first to supporting parking program operations, maintenance reserves, and technology upgrades. Once the parking program is well established and generating excess revenues, these resources would be invested in a variety of sustainability initiatives. Examples might include programs such as:

- Community bike programs – to support an overall “Park Once Strategy”
- Car sharing programs – to support downtown residential development
- Pervious pavement installation and bio-swales as demonstration projects in city surface parking lots

It should be noted that the widespread deployment of these strategies has been slow to develop due to lack of comprehensive assessment tools, scalable project capital, and public policy support. The Eco Districts Initiative focuses on removing these implementation barriers and creating an enabling strategy to accelerate community-scale sustainability.

Generally, the Eco Districts approach brings together community stakeholders, property developers, utilities, and the District to solidify a shared sense of purpose and partnership through the following actions:

- Create an engagement and governance strategy to build community support, set priorities, and act
- Develop an assessment and management toolkit to guide project development and track ongoing performance
- Implement sustainability projects through technical and economic feasibility analysis, assembly of project financing, and establishment of public/private partnerships
- Identify commercialization opportunities for companies to test promising products and practices
- Establish municipal policy and regulatory structures to support Eco District development

In this specific application, the general goals above still apply. However, because of our focus on parking and transportation functions, there will be some variation and more specific applications. The broad-based nature of parking and transportation, the need for on-going stakeholder engagement, and the larger economic development focus makes this application very appealing. Overall, transportation accounts for about 30% of the nation’s carbon footprint. Organizing your parking program to have an explicit “eco-district” orientation would send a strong signal of the community’s commitment to environmental progress.

Parking System Monetization

Parking program “monetization,” also is sometimes referred to as “Public/Private Partnerships” (PPPs) and also is sometimes confused with the more general term “Concession Agreement.” The key differentiating factor that makes monetization different is a large upfront payment in exchange for an extended concession or lease style agreement (usually in the 35 – 75 year time frame), with significant finance and other fees applied over the term of the lease. This assessment of parking monetization will consider the following subsections:

- Legal Authority to Monetize Parking

- Parking Monetization Overview

Legal Authority to Monetize Parking

The North Carolina General Statutes were reviewed to ascertain what authority is provided for cities in North Carolina by the General Statutes regarding outsourcing and financing of parking operations, with particular attention to the potential of monetizing the City's parking assets.

The following sections of the General Statutes were found to address a City's authority as it relates to parking:

- Article 12 - Sale and Disposition of Property (G.S. 160A, Sections 265- 280)
- Article 15 - Streets, Traffic and Parking (G.S. 160A, Sections 301 – 302)
- Article 16 - Public Enterprise (G.S. 160A, Section 321)
- Article 19 - Planning and Regulation of Development (G.S. 160A, Section 458.3)
- Article 24 – Parking Authorities (G.S. 160A, Sections 550 – 565)

The following sections discuss each of the General Statutes as it relates to parking and the City's authority.

Article 12 – Sale and Disposition of Property

Article 12 grants a City broad power to dispose of property and to enter into leases. This article could be used as the basis to sell, or privatize an existing parking facility; either a parking lot or garage. The Article does not allow for a private or negotiated sale of real property valued over \$30,000. A disposition of property valued at greater than \$30,000 may occur by one of the following methods:

- Advertisement for sealed bids
- Negotiated offer, advertisement, and upset bid
- Public auction
- Exchange

Section 272 of G.S. 160A allows a City to lease property, but sets a maximum lease period of 10 years.

Article 12 would allow the City to either sell existing off-street parking facilities, or to lease them to an outside party. However, the lease term could not exceed more than 10 years.

Article 15 - Streets, Traffic and Parking

Sections 301 and 302 of G.S. 160A establish a City's authority to operate on- and off-street parking facilities. These sections define the City's ability to install parking meters for on-street parking spaces and to charge a fee for off-street parking. These sections also establish limitations on how revenues from parking may be used; essentially for the enforcement, administration of the parking system and for payment of bonds issued for construction.

Article 15 sections are silent on the issues of privatization, but it does include language that provides the City the authority to charge fees for parking. It also places limitations on the use of parking revenues.

Article 16 - Public Enterprise (G.S. 160A, Section 321)

Section 321 of Article 16 allows a City to sell or lease any enterprise “upon any terms or conditions the council may deem best.”⁷ This clause grants the City wide discretion to sell or lease the identified public enterprises. This section does require the sale or lease of most public enterprises be subject to voter approval. However, the sale or lease of a parking facility or system is expressly exempted from requiring voter approval.

Article 16 would allow a City the authority to sell a parking garage without voter approval.

Article 19 - Planning and Regulation of Development

Section 458.3 Downtown development project - specifically identifies parking garages as a permissible type of downtown development project. This section discusses the requirements regarding the construction of public – private agreements in downtown development projects.

Article 19 is not germane to the discussion about privatization of parking per se, but it was believed to be a potential useful section of which to be aware.

Article 24 – Parking Authorities

Section 550 allows Cities the authority to establish a Parking Authority. The powers and purpose of a parking authority by Statute are as follows:

“An authority incorporated under this Article shall constitute a public body and a body corporate and politic, exercising public powers as an agency or instrumentality of the city with which it is coterminous. The purpose of the authority shall be to relieve traffic congestion of the streets and public places in the city by means of parking facilities, and to that end to acquire, construct, improve, operate and maintain one or more parking projects in the city.”⁸

This statute allows a parking authority many of the powers of a City including the following:

- The right to acquire property
- The right to construct buildings
- The right to construct, reconstruct, improve, maintain and operate parking projects
- The right to assess fees for parking
- The right to accept grants and loans
- The right to issue revenue bonds

A Parking Authority may acquire property by conveyance from the City, by direct purchase or by condemnation. (G.S 160A-557).

General Statute 160A-557c allows the City to convey public street rights-of-way to a Parking Authority to allow the Authority to install parking meters. (Italics added for emphasis.)

“Contracts may be entered into between the city and the authority providing for the property to be conveyed by the city to the authority, the additional property to be acquired by the city and so conveyed, the streets, roads, parkways, avenues and highways to be closed by the city, and the amounts, terms and conditions of payment to be made by the authority. Such contracts may

⁷ North Carolina General Statute, 160A-32, Sale, lease, or discontinuance of city-owned enterprise

⁸ Ibid 160A-556. Purpose and powers of the authority

contain covenants by the city as to the road, street, parkway, avenue and highway improvements to be made by the city, including provisions for the installation of parking meters in designated streets of the city and for the removal of such parking meters in the event that such parking meters are not found to be necessary or convenient. Any such contract may pledge all or any part of the revenues of on-street parking meters to the authority for a period of not to exceed the period during which bonds of the authority shall be outstanding; provided, that the total amount of such revenues which may be paid pursuant to such a pledge shall not exceed the total of the principal of and interest on such bonds which become due and payable during such period. Such contracts may also contain provisions limiting or prohibiting the construction and operation by the city or any agency thereof in designated areas of public parking facilities and parking meters whether or not a fee or charge is made therefor. Any such contracts between the city and the authority may be pledged by the authority to secure its bonds and may not be modified thereafter except as provided by the terms of the contracts or by the terms of the pledge. The city council may authorize such contracts on behalf of the city and no other authorization on the part of the city for such contracts shall be necessary.

Section 550 of G.S. 160A permits a City to establish a Parking Authority to manage parking within the limits of a City. While a separate entity, the Authority is not a private operator, but is a quasi-governmental agency. This statute allows a City to convey to a parking authority the right to use the revenue from on-street parking to pay for bonds issued by the authority (presumably to pay debt incurred to construct or acquire off-street parking facilities), though the statute is silent with regard to what type of bonds on-street parking revenue may be used to pay.

Summary

Based on our review, a City may sell or lease a parking facility (garage or surface lot) to a private party and in effect, monetize that parking asset.

The City may turn over the management and operation of the parking system to a Parking Authority.

However, the treatment of on-street parking assets presents the challenge with monetizing a parking system. The effective management of a parking system consists of managing the on-street and off-street assets as a unified system. Pricing and operation policies (such as lower prices for parking in garages and “first hour free” in parking garages) need to be coordinated between the on-street and off-street systems.

The Statutes do not address how on-street parking could be sold or leased to a third party. In North Carolina, Cities only have the authority expressly provided to them by the General Assembly. If the City wishes to pursue the monetization of the parking system (including on-street resources), the City may want to consider seeking enabling legislation from the General Assembly for this action.

The above review was conducted based on our experience as licensed professional engineers in the State of North Carolina familiar with traffic and parking issues. Prior to proceeding with further potential monetization of the City’s parking assets, it is recommended the City Attorney review these statutes and provide the Parking Study Team and the Department of Transportation with a legal opinion regarding this activity.

Parking Monetization Overview

In the last few years, this concept has attracted more interest as many cities, counties, and states face deep budget deficits. As a result, there has been an extensive amount of study and commentary on this trend. The

U.S. Government Accountability Office (GAO), the Public Interest Research Group (PIRG) and state legislatures have issued comprehensive reports on the subject. The Texas State Legislature recently released an extensive report on monetizing toll road projects, and the Federal Highway Administration examined monetization in other countries. The various reports and studies highlight the basics of best practices for asset monetization.

Some of the most insightful analysis of these practices has come from Stephen Goldsmith. Mr. Goldsmith, a former mayor of Indianapolis, is director of the Innovations in American Government Program at the Harvard Kennedy School. He is author of the book *The Power of Social Innovation: How Civic Entrepreneurs Ignite Community Networks for Good*. Many of his insights are included in the summary of “good asset monetization goals and key issues” below.

Parking Monetization Examples

- City of Chicago Off-Street
- City of Chicago On-Street
- Ohio State University
- City of Indianapolis On-Street

Monetization Goals and Keys Issues

Using Chicago or similar examples as the context (where the City’s on-street parking operation was leased to a partnership for a significant upfront payment in exchange for a very long-term lease) Stephen Goldsmith offered the following examples of good program monetization goals & key issues to be considered:

1	<p>Identifying non-core functions and areas that are not core competencies</p> <p>If parking management is not a core competency of the City then it is a candidate for privatization; however, if you are lucky enough to have a high functioning parking system that is providing excellent service and is contributing to community growth and development, think twice about what you may be giving up.</p>
2	<p>Establishing a long-term reserve fund to:</p> <ul style="list-style-type: none"> ▪ Enhance City credit rating and thus lower interest rates <ul style="list-style-type: none"> ○ Chicago did this and enjoyed its highest credit rating since 1978 ▪ Retire debt ▪ Eliminate interest payments and thereby create more money for community reinvestment <ul style="list-style-type: none"> ○ Chicago retired \$925 million in debt ▪ Community reinvestment <ul style="list-style-type: none"> ○ Identify and fund a well-defined set of community desired or essential infrastructure projects ○ Programs that serve the public good <ul style="list-style-type: none"> ▪ Example: Neighborhood parks and programs <ul style="list-style-type: none"> ○ Chicago invested more than \$325 million in this area ○ Infrastructure investments that will stimulate additional private sector investments <ul style="list-style-type: none"> ▪ Example: Parking structures as part of a public/private partnership.

3	<p>Shifting Risk</p> <p>Consider the following potential risks of managing on-street metered parking for the next 75 years (imagine bidding on the City's horseshoeing concession in 1890, or the public pay phone in 1975)</p> <ul style="list-style-type: none"> ▪ Changing technologies ▪ Utilization ▪ Costs <ul style="list-style-type: none"> ○ Rising labor and fuel costs ○ Equipment replacement <ul style="list-style-type: none"> ▪ In Chicago, the cost of replacing the multi-space meters every 7 years is estimated at \$40 – 50 million dollars.
4	<p>Carefully analyze the term of any potential concession</p> <p>Both the Chicago Inspector General's analysis and financial experts who have analyzed the deal indicate that Chicago should have negotiated a shorter lease period. Under their analysis, Chicago left significant future earnings on the table when it agreed to a 75 year concession term (estimated at \$1.3 – 2.1 billion).</p>
5	<p>Look at Alternative Solutions to Budget Problems</p> <p>Chicago became the poster child for using the proceeds of PPP asset leases to plug a budget operating deficit and "selling its residents' future."</p> <p>In 2006 the city sold the Chicago Skyway for \$1.83 billion, of which \$460 million was used to pay off debt, \$375 million was used to close the 2006 operating budget gap, and \$500 million was placed in a rainy day fund. The \$500 million rainy day fund was exhausted to close operating budget gaps in years 2007 and 2008.</p>
6	<p>Key elements of a monetization deal are transparency, expertise and setting controls over rates and "windfall profits"</p> <p>Allow elected officials to approve the terms of any proposed agreement before it is put out to bid.</p> <p>Don't let the market/bidders solely dictate the terms of the monetization through a request for proposal process. Elected officials should have the power to alter the terms of the proposed deal as they see fit and drive the process through negotiation rather than have a fait accompli handed to them.</p> <p>The Texas State Legislature's recent report on monetization advocated revenue sharing over single, upfront payments as a better way to protect the public interest. The report also noted that key elements of a monetization deal are transparency, expertise and setting controls over rates and "windfall profits."</p>
7	<p>Do not include lease proceeds in a government budget before the leases are finalized</p> <p>Having a budget balanced on the back of lease proceeds makes it extremely difficult for officials to reject an asset lease or concession deal. Consider adopting an ordinance prohibiting a city's budget from including revenue from monetization proceeds before commissioners have approved the deal.</p>

8	<p>Consider the creation of a Concession or Monetization Management Review Board</p> <p>The impact of these deals will affect a broad array of citizens, civic and cultural organizations, religious and educational institutions and corporations. These are individuals and businesses that are invested in their communities and deserve a voice as well as an open and transparent process.</p>
9	<p>If a parking program monetization strategy is pursued, consider the creation of a Downtown Parking Management Commission</p> <p>The Downtown Parking Management Commission could be made up of City, parking management entity and downtown stakeholders and should require the concessioner to be engaged with Downtown Parking Management Commission. The Parking Commission would provide an annual program assessment to City Council.</p>
10	<p>Term of the Agreement</p> <ul style="list-style-type: none"> ▪ Limit to 30 – 50 years ▪ Build in a mechanism to address changes in annual expectations ▪ Establish a defined monitoring process ▪ Create a process to generate an Annual Stakeholder Report Card <ul style="list-style-type: none"> ○ If the deal were to “go sour” have a plan for “how to get out?” Who pays what to whom? ○ Consider alternatives to a one-time only payment ○ Consider a lesser up-front payment with annual incremental payments to a dedicated parking reinvestment fund. ○ For cities with a parking tax, could the parking tax constitute the annual incremental payment?
11	<p>Maintaining and improving service levels to users of the parking system</p> <p>From the perspective of parking customers and those invested in the downtown a strong, well-managed parking system is critical to their success. The concessioner should ideally be a “partner for the success of the downtown” and implement programs and policies to effectively address the following:</p> <ul style="list-style-type: none"> ▪ Greater availability of parking spaces ▪ More convenient, state of the art equipment, with multiple payment options ▪ Quicker service of broken equipment <ul style="list-style-type: none"> ○ On the positive side, in Chicago meters are now repaired within a couple of hours on average compared to 2.5 days under the City run system ○ On the negative side, when the Chicago deal was initially implemented, meter rates were tripled in some places before new meter technology was introduced. The concessionaire literally could not empty the meters fast enough to keep them operational and patrons began getting citations for non-payment because the meters were full of quarters. ▪ A balanced approach to meet the needs of retail parking, employee parking, event parking, etc. ▪ Special programs to meet the needs of cultural, religious and civic institutions as well as customized neighborhood programs.

12	<p>Build on the “Partnership for Downtown Success”</p> <p>Building on the “Partnership for Downtown Success” concept requires an understanding of the needs of the business community, downtown residents and religious and cultural institutions. Once these needs are understood, implementation of parking program enhancements should be introduced. This is where the special expertise of a parking profession is needed. Programs to meet identified community needs might include:</p> <ul style="list-style-type: none"> ▪ Extended time limits near theaters, concert halls, schools and churches where parkers need more than 2 hours ▪ Free or reduced rate parking for churches on Sunday mornings ▪ Automatic ticket dismissal for inoperable meters, based on meter malfunction reports generated by the system ▪ Ability to pay citations on-line or even at a meter ▪ Improved parking access and convenient parking for hourly parkers to support downtown retail ▪ Discounted monthly parking in certain lots ▪ Donated single space meters to protect bicycle parking or as vehicles for charitable donations
13	<p>Sustainability and Innovation</p> <p>Promote sustainable and innovative parking technologies and interior parking facility environment enhancements</p> <ul style="list-style-type: none"> ▪ Improved customer service features ▪ Adopt “retail friendly” parking management best practices ▪ Create safe, clean and friendly parking environments ▪ Invest in sustainable design and management practices
14	<p>Other</p> <p>Other issues to consider</p> <ul style="list-style-type: none"> ▪ Who will develop and manage new parking facilities? ▪ Will the concessioner be allowed to manage competing facilities? ▪ Where will rate setting authority reside?

Parking System Monetization – The Extreme Scenarios Comparison

The reasons for considering an asset monetization and a long-term concession agreement for a parking system are easy to understand for cash strapped municipalities. Former Mayor Daley was allegedly quoted as saying “Does it really matter who collects the quarters from the parking meters?”

This statement exemplifies the lack of understanding of parking as a profession and an appreciation for the complexity and importance of a well-managed parking program. It also fails to consider the potential impacts on the downtown community that needs an effective parking program to be successful.

Asset monetization or privatization is not inherently good or bad. The key issues are exactly how the deal is structured and implemented. As with most things, the devil is in the details.

When considering how a monetization proposal affects downtown, we can frame the discussion by envisioning two radically different possible scenarios.

Scenario #1

City parking assets are leased to the top bidder for a large sum of money over a particular number of years. The successful bidder sees this as purely a business venture and they choose to manage the parking assets with a "pure profit motivation." The results of this approach plausibly include:

- Parking rates are increased to whatever the market will bear.
- Facility maintenance is minimized or deferred.
- An automated parking management system is purchased on a low bid basis and routinely malfunctions, creating regular frustration for parking patrons.
- Staffing levels are minimized to increase profits.
- Every downtown event (parades, "Alive After Five" type events, etc.) become a "Compensation Event" for the concessioner and because of budget constraints the City is unable or unwilling to compensate the concessionaire and slowly downtown events become a memory.
- Parking facilities are used as vehicles for advertising but the ads are considered by many in the community to be offensive.
- Opportunities to support charitable organizations and churches are dismissed out of hand because they do not contribute to the "bottom line."
- Monitoring of supply vs. demand and planning for future community parking needs is neglected.
- As parking becomes more problematic, office building leases expire and are not renewed.
- With no new public parking being planned and built, new development projects originally envisioned for downtown go to the suburbs or another downtown.

In short, a disaster for the downtown for those who have invested in downtown and for every citizen that ends up paying more for less service.

Scenario #2

Based on an open and collaborative process, the value and importance of downtown parking is understood and appreciated. Current and near-term community parking and access needs are identified and prioritized. A program of agreed upon downtown parking investments, vetted through downtown stakeholders and City administration is funded by the proceeds of the monetization. A high level Parking Commission is established to define standards for downtown parking safety, cleanliness, customer service, etc. The new parking management entity (the concessionaire), wanting to be a good neighbor and recognizing that "this is just good business," is a willing partner in these initiatives. A stronger and more vital downtown means more parking customers for them. A program of approved downtown parking initiatives is authorized and includes:

- The addition of new parking supply in areas that currently have parking deficits.
- The new parking facilities are leveraged with private partners to also provide new downtown residential development and street level retail. The new mixed-use developments contribute positively to the urban fabric of downtown.

- New taxable assets are produced and the property values on the surrounding streets are enhanced. New tax increment is generated providing additional reinvestment potential.
- The addition of an appropriate amount of additional public parking promotes the adaptive re-use, in-fill, and preservation of older buildings.
- These new investments in downtown create new jobs, new downtown residents, and ultimately, a stronger and healthier downtown.

Monetization Case Study: City of Pittsburgh

In 2010, Pittsburgh Mayor Luke Ravenstahl, having learned some lessons from the Chicago parking monetization process, formed a Parking Advisory Committee to help guide the process for a parking system monetization effort.

The central issue that the Mayor was trying to solve was not parking related at all.

The problem was the solvency of the City Pension Fund. Unless the fund could be stabilized for the foreseeable future, the State was obligated to step in as the regulatory agency. The feeling was that the state would make tough decisions such as raising rates, strictly on the basis of pension fund financing and that these decisions could adversely impact the downtown economy and other community programs. The mayor wanted to avoid this loss of control and authority.

His proposed solution was to monetize the Pittsburgh Parking System.

The Advisory Committee was charged with:

- Evaluating how the transaction would affect the financial stability of the City
- Addressing the needs and concerns of relevant stakeholders and constituencies
- Formulating parameters for a successful process and resulting transaction

The Parking Advisory Committee developed nine guiding principles, covering the following topics:

1. The parking assets and economic health of the City
2. Transparency
3. Term of the Agreement
4. Parking rates
5. Adequate supply of parking spaces
6. Current employees and labor agreements
7. Future economic development
8. Minimum operating and maintenance standards
9. Continuing existence of the Authority

Parking Advisory Panel

In an attempt to provide an even more open public process, an "Advisory Panel Process" was funded by the Pittsburgh Downtown Partnership under the auspices of the International Downtown Association and included several parking professionals throughout the country. The purpose of the IDA Advisory Panel was to:

- Provide more detailed analysis of operational/management possibilities based on the City of Pittsburgh's guiding principles and their potential impact on Downtown and city commercial districts.
- Provide perspective and "lessons learned" from other parking system monetization efforts across the United States.
- Compare best practices and successful parking strategies employed by other cities, particularly with regard to Downtown and commercial district office, residential, and retail development.
- Prepare a framework to establish an effective parking management system to support further Downtown and commercial district development.
- The IDA Panel did not assess any of the alternative proposals and, therefore, could not make an informed judgment as to their feasibility. The Panel focused on the Mayor's overall plan and how a public/private partnership of the City's parking system might best benefit Pittsburgh's businesses and residents.

After an intensive series of individual and focus group meetings with downtown and neighborhood district stakeholders, the following set of panel recommendations were put forth:

- Centralized Parking Strategic Plan and Management
 - The Panel strongly urged the City to centralize parking related issues and develop an overall strategic and operational plan with respect to parking for Pittsburgh's downtown and neighborhood commercial districts.
 - An entity, perhaps Public Parking Authority of Pittsburgh (PPAP), a designated city department or agency, or a new entity, should be empowered to undertake overall parking management in Pittsburgh. In effect, create a "one-stop shop" that coordinates parking planning, policy, and research.
- Enforcement
 - The Panel recommended that the PPAP continue to provide enforcement for metered spaces throughout the city and that enforcement be increased to:
 - Promote more turnover for on-street parking assets in the Downtown and commercial districts where turnover will benefit merchants.
 - Ensure that residential permit areas are functioning as intended, allowing residents and guests to find convenient on-street parking and discouraging others that use these spaces illegally.
 - Have sufficient cash flow to fund the ongoing operations of the PPAP.
 - The Panel recommended that enforcement revenues be used to deploy sufficient PPAP or contract staff to ensure that meters and residential permit areas are properly and appropriately enforced. The Panel further recommended that the City consider allowing a fallback provision allowing the operator to issue parking tickets if PPAP is unable to provide adequate enforcement.
 - The Panel recommended that the investor/operator be required through the Concessionaire Agreement to partner with government, other private interests, nonprofit organizations and community development corporations (CDCs) to achieve overall community and economic development goals of the City.



- Rates

- The Panel understood that rates will rise in order to provide the investor/operator with sufficient revenue to improve the system while at the same time achieving the City goal of funding the pension fund and paying off the Parking Authority's bonded indebtedness.
- Rate increases must be reasonable, geared to the existing market, known in advance, scaled up over a period of five years, and geared to inflation (as determined by the Consumer Price Index) thereafter.
- The Panel recommended that rates should be flexible, geared to location, time of day, and other conditions or considerations. Any parking rate plan should be included in the Concession Agreement with the private investor/operator so that stakeholders will have sufficient notice of when rates are scheduled to change.

- Term of the Concessionaire Agreement

- The Panel recommended that the term of any Concession Agreement be no longer than 50 years but that an analysis of terms from 35 – 50 years should be conducted. A shorter term might benefit both the City and the investor/operator.

- Technology Enhancements

- Panelists found that one of the expected benefits achieved through public private partnerships is that the current parking system can become both more user-friendly and more effective in generating revenue if new technologies are installed throughout the system. One technological advance that can provide immediate benefits is the installation of multi-space meters. These meters accept credit, debit, and smart cards in addition to cash. Pay-and-display meters allow customers to use their purchased time at various locations. There is evidence that pay-and-display meters also may allow more cars per block, though some dispute this advantage. These systems also can be used in conjunction with pay-by-cell phone options to further enhance customer service. Other technologies that may improve revenues include license plate recognition systems and newer web-based parking management platforms. These systems also have been shown to improve operating efficiency and effectiveness and produce better system usage information leading to improved system management.
- All potential investor/operators should be required to submit a plan for conversion from the existing meter system to new technologies. Another industry best practice in this area is to have a fully developed "new technology introduction plan" that includes advance public education, effective signage, a media kit and rollout strategy highlighting the positive new features of the equipment as well as information on how the new technology will be phased in, on-street "ask me how" ambassadors, etc. A transition period for enforcement also is recommended whereby only warning citations will be issued for a one or two week period following installation of the new equipment.
- The Panel recommended that the companies responding to the Request for Proposals be required to outline their plans for introducing new technologies and describing how they intend to deploy these technologies.

- Supply

- The Panelists heard comments that indicated parking deficits in parts of Downtown, with parking surpluses in other parts of Downtown. The Panel was provided anecdotal evidence that

shortages exist in some communities (for example, in Shadyside and Squirrel Hill, and in the South Side in the weekend/evening period). A critical element of any strategic parking plan that is developed by the City will be careful monitoring of the supply of parking both in the Downtown and in the city's neighborhood commercial districts. The City should not foreclose its options to build new parking facilities should they be warranted.

- As part of the monetization effort the city should conduct a detailed parking supply and demand study and obtain from potential investor/operators strategies on how they expect to respond to supply shortages, especially in Downtown, if shortages are found to exist.
- Recognizing that supply is likely to be an issue for some time to come in Downtown and certain business districts, the City should consider any lease proceeds in excess of the \$300 million required by the City needs for the pension fund and PPAP debt be earmarked first to address supply issues. The Panel further suggested that the City perform a comprehensive parking transportation strategic plan/needs assessment first so the City better understands parking needs and create a prioritized action and investment plan.

■ Community Impact

- The Panel heard from several stakeholders concerns about the impact rate increases and policy changes would have on churches, cultural and educational institutions, and community events. The Panelists believe these concerns are real and should be addressed in the Concessionaire Agreement. Specific recommendations include:
 - **Events** – The impact of higher rates or restricted parking on both large and small events can be considerable. There are a number of major festivals, parades and other events in Downtown that either use on-street meter or parking lot locations for event activities and/or that depend on people being able to find an inexpensive and convenient place to park. Other events in community business districts can be impacted as well.
 - The Panel recommended that provisions for major events of this nature be contained in the Concession Agreement.
 - **Retail** – For retail businesses and restaurants, major increases in parking rates or lack of availability of parking on lower floors can have a negative impact on their business.
 - The Panel recommended that private investor/operators be required to describe ways they may be able to alleviate these concerns or preferably demonstrate how they can develop or have developed programs that support and enhance the success of retailers and restaurants in a Downtown environment.
 - **Free Sundays** – Downtown churches in particular can be hurt if parking meters are enforced on Sunday.
 - The Panel recommended that the current policy allowing free parking at metered spaces and discounted rates in the two frequently used garages on Sundays be continued.

■ Customer Services Enhancements

- Experience has shown that rate increase objections by the public are often mitigated by first offering enhanced customer services. Panelists noted that many, if not most, public parking systems offer little in the way of services that enhance the customer experience, yet parking is essential to a retail business, serving one customer and his or her vehicle at a time.

- Panelists recommend that the investor/operator be required to provide a package of new customer services prior to or in conjunction with any rate increases.
 - Operators should be asked to indicate what experience they have in terms of customer services and amenities and which ones they see as feasible and desirable in Pittsburgh. Another option can be to consider the development of parking customer service amenities as a specific new duty for the PPAP to adopt. This can include services such as vehicle lockout assistance, dead battery jump starts, vehicle location assistance, security escorts, etc. The positive public relations generated from these services then accrue to the City. These services can be funded by enhanced parking enforcement revenues.
- Transition Plan
 - Panelists cautioned that transitioning from PPAP operational management to new private investor/operator management is a process that should be carefully planned and phased in over an appropriate period of time. One of the reasons Chicago's difficulties seem to have occurred was the rush to get new rates and policies on the street, often in advance of the new technology.
 - The Panel recommended that potential bidders be required to present their transition plans prior to final selection, and that these plans be considered in determining the winning bidder.
- Customized Neighborhood Parking Plans
 - Interviewees from various neighborhoods met with panelists and pointed out the differences between how parking policies, rates, supply, and management strategies can affect their individual communities.
 - The Panel recommended that the investor/operator be required to meet with representatives of business districts to develop customized neighborhood parking plans.
- Sustainability
 - As the panel reviewed the nine guiding principles set forth by the Parking Advisory Committee, a tenth potential guiding principle was proposed – sustainability. Pittsburgh has acquired a national reputation for its efforts to create and support a sustainable city and a sustainable Downtown.
 - The Panel recommended that respondents to the Request for Proposals outline plans to support the City's sustainability goals. Further, the Panel recommended that car-sharing programs, seen as a support mechanism for Downtown residential development and as a "green" strategy, be offered consideration for special rates and convenient reserved spaces including some on-street spaces.
- Revenue Sharing
 - The Panel saw an opportunity to make use of any reserves that PPAP might have set aside, as well as funds from the Agreement over and above what is necessary to fund the pension plan and pay off PPAP bonded indebtedness in ways that will benefit the entire community and build community support.
 - The Panel recommended that these funds be used to support development in Downtown and community business districts in cooperation with other entities as appropriate. These funds also can be used for non-parking projects that support community economic development. The new

operator will be given the opportunity to manage and operate any new parking facilities developed as a result of this policy.

- Fairness
 - The Panel observed that private parking operators all pay taxes and recommended in the interest of fair competition that the new operator should pay local taxes at the same rates and conditions as private operators.

Parking Monetization Summary

Since 2010, a few parking programs have moved forward with some form of monetization program. Interestingly Pittsburgh was not one of them. In the end, Pittsburgh avoided the state takeover of the City Pension Fund, by leveraging the Parking Authority Assets to generate the capital needed to shore up the pension fund. Although leaving the parking authority deeply indebted.

Institutions that have moved forward with monetization programs include the City of Indianapolis (On-Street Parking Program) and The Ohio State University. Many more have looked at monetization and chosen a different path.

In 2011, Kimley-Horn's Dennis Burns led a panel of Public/Private Partnership experts at the International Downtown Association's Spring Conference in Chicago. These industry leaders praised the many benefits of public/private partnerships as well as the monetization of certain public assets such as toll roads, bridges, and even airports. They agreed that parking programs were a different matter entirely. The bottom line seemed to be that parking systems are actually more complex and tend to get very messy.

Other major parking programs that looked at monetization but backed away include the City of Las Vegas, the City of Memphis, the City of Sacramento, and the City of Tucson among others. Most of these cities came to the realization that parking is an important part of their civic infrastructure, parking was intrinsically linked to many of the critical areas including community and economic development, and giving up control of these assets limited their flexibility and potential management responses in the future.

Another key factor in these decisions is the notion that if these entities can provide such dramatic increases in operating efficiencies and increased revenues to justify such large upfront cash payments, why can't we implement these strategies ourselves and pocket the profits these firms would have realized? This has given rise to a new slogan in the industry "Modernize – not monetize."

There is a growing appreciation of the importance of parking as a tool for economic development as well as critical element of community infrastructure. Key considerations include:

- Who will be responsible for planning and funding future parking needs?
- Think about how many individual "customer touches" parking represents each day.
- Parking is often your customer's first and last impression of downtown.
- Well managed parking is both a responsibility and an opportunity.

In the end, no matter if parking is monetized or not, it is critical that the system be managed well in the interest of downtown development and economic vitality.